

**Police Pension**  
**Board of Trustees Meeting**  
**September 17, 2014 – 10:00AM**  
**Town Hall - 343 Highland Road**

**Attendees:**

Thomas Blakey (T.P.D. Police Chief); Denise Saurette (Town Treasurer); Sean Frodyma (T.P.D.); Gene McCabe, Washington Trust; Rogean Makowski, Washington Trust; Joan Caine, Washington Trust; Jeff Brown, Compensation Planning; Matthew Wojcik, Town Administrator

James Arruda, Councilman, absent

**Meeting Objectives:**

1. Approval of Minutes from April 16, 2014 Board Meeting
2. Presentation by Washington Trust Regarding Pension Investments – Discussion to Follow
3. Review Actuarial Report – Action will be Taken

**Call to Order:** at 10.04 AM by: Matt Wojcik

**Open Meeting:**

**1. Approval of Minutes from April 16, 2014 Board Meeting –**

Chief Blakey made a Motion to approve the Minutes.

Seconded by Sean Frodyma.

**ALL IN FAVOR, no objections.**

**2. Presentation by Washington Trust Regarding Pension Investments**

Presentation was made by Joan Caine, Rogean Makowski and Gene McCabe of Washington Trust. Washington Trust took over as of February 27, 2014. They reviewed the two documents – **2014 Outlook, Economy & Markets** and the **Tiverton Police Pension Plan Account package**.

The presentation package is made up of three components, the first part is what is happening in the market since the last time we met (pretty volatile time); second component is what is going on specifically in the Tiverton account, how the assets are invested, performance; and thirdly, more detail on investment options. (See Presentation)

Joan Caine spoke about it being a global market. Employment going well. Strong job numbers. Not there yet. Consumer confidence is up. No expectations for inflation run off. Interest rates have been what is driving us.

Rates are universally low. They will continue to get lower. A lot of foreign money flowing into our bonds. Means stocks are using those as a proxy for bonds because they have nice yields. Bonds plummet.

Predicted June 2015 interest rates are going to go up – quoted the Fed.

Starting to see positive metrics. Employment ratcheting up in the right direction.

They are hesitant because we have a lot of Government debt.

Gene McCabe spoke about the Stock Market Outlook. Interest rates have fueled everything. Economy in kind of a “sweet spot” “goldilocks economy”, not a boom, not a bust. It is just a 2% kind of GDP growth economy, not heading toward a recession in U.S. You are seeing a recession in Europe. For the U.S., it points toward a positive outlook for stocks. Bond market not attractive.

Outlook on stocks is pretty favorable.

All these things together will smooth results, smooth the volatility and deliver positive numbers for the long term investor.

U.S. equities continue to deliver.

Bonds have hung in there; interest rates have come down. Inflation came in at a negative number this morning.

You have a combination of Index Funds on Stock Portfolio and Growth Stock Funds. So you get a little bit of Index exposure, larger cap and then a health allocation to small and mid cap stocks. Dividend payers have done very well.

Fixed Income exposure has been invested in mutual funds because it has been a challenging time to find individual bond issues. You have an allocation to Black Rock Strategic Opportunities interest fund. You have a safe & secure allocation with the short term Vanguard Fund -- decent yield.

When rates increase in mid 2015, we will probably trade out of the Fixed Income Funds for better opportunities in individual bonds.

Performance starts on Page 16 of presentation. Your bonds through August up 1.3%, stocks up 5.7% so total account is up 4.6%.

There were no questions on strategy or forecast. We are in positive territory.

**Matt noted that because we did not state on the agenda that any action would be taken,**

**we will leave this report as an Open Discussion Item. When we approve the minutes at our next meeting, we will accept the report formally.** It also will give members time to ask additional questions during the intervening time. If a board member asks our professionals any questions regarding the pension fund, please copy Mary Lou on it so we can include it on an agenda item as items that were discussed.

Going forward Washington Trust will email a copy of the presentation materials 72 hours in advance of the meeting so we can make it part of the agenda action.

Washington Trust will email this presentation to Denise in Treasurer's Office to circulate.

### **3. Review Actuarial Report – Action will be Taken**

Jeff Brown, Compensation Planning, presented the Actuarial Valuation as of July 1, 2014. Jeff reminded board that he “compiles” the information. After giving a little history of the Plan, Jeff reported the funded status of the Plan went from 54% to 63%. This is a function of the contributions the Town made and Washington Trust investments.

Actual calculations are on page 3 of report. There was a decrease in unfunded liability. Page 4 of report reflects anticipated demands and cash flows.

Town should be commended for putting in more than what was recommended. Account performing better than assumed.

Accrual Assumptions: Using Interest rate of 7.5% which is a “reasonable” actuarial assumption. Other Towns using 8.5%. 7.5% is a reasonable assumption which had impact on accrued liability.

Conservative or Moderate is how this plan works to meet liabilities.

Page 10 of report is recap of cash flows. Jeff went over highlights of report.

Value of liabilities won't drop but assets will hopefully continue to rise.

Matt asked if Jeff was using a 2000 Mortality Table. Jeff said “yes” as indicated on Page 8 of report and that is best practice overall.

It was agreed that Tiverton is in way better shape than many other towns. We are no longer in Critical Status.

This plan may well be adequately funded in 20 years.

**Motion to Accept Actuarial Valuation was made by Sean Frodyma. The Motion was Seconded by Chief Blakey.  
ALL IN FAVOR, no objections.**

**Motion to Adjourn Meeting was made at 10:56 am by Denise Saurette. The Motion was  
Seconded by Chief Blakey.  
ALL IN FAVOR, no objections.**